

Message Text

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12

ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 /061 W

----- 079829

R 180843Z JUN 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 9076

INFO ALL EC CAPITALS 779

AMEMBASSY GABORONE

AMEMBASSY MBABANE

AMEMBASSY NAIROBI

AMEMBASSY TANANARIVE

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E.O. 11652: NA

TAGS: EEC, ETRD, EAGR, ACP

SUBJECT: EC/ACP : BOTSWANA BEEF COMPLAINT

REF: A) EC BRUSSELS 5090

B) EC A-213

C) GEORGETOWN 864

1. SUMMARY: BOTSWANA AND ITS ACP PARTNERS, SUPPORTED BY THE BRITISH, ARE PRESSING THE EC TO TAKE ACTION TO REDUCE OR ELIMINATE THE VARIABLE LEVY ON IMPORTS OF BEEF FROM ACP SUPPLIERS. BOTSWANA CLAIMS THE LEVY IS DESTROYING ITS BEEF TRADE WITH THE EC, IT S MAJOR CASH EXPORT. THE BRITISH HAVE ASKED THE COUNCIL (FOREIGN MINISTERS) TO EXAMINE THE PROBLEM ON JUNE 24. END SUMMARY.

2. ACP BEEF PRODUCERS (BOTSWANA, SWAZILAND, KENYA, AND MADAGASCAR), NOTABLY BOTSWANA, HAVE COMPLAINED TO THE EC COMMISSION CONCERNING THE NEGATIVE EFFECTS THE EC IMPORT LEVY IS HAVING ON THEIR EARNINGS FROM BEEF EXPORTS. IT
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WILL BE RECALLED (SEE REFS A AND B FOR BACKGROUND) THAT THE

ACP BEEF PRODUCERS SECURED SEVERAL CONCESSIONS DURING THE NEGOTIATIONS LEADING TO THE CONVENTION OF LOME. FIRST, A QUOTA FOR DUTY-FREE (BUT NOT LEVY-FREE) ENTRY OF BEEF INTO THE EC BASED ON THE BEST YEAR'S EXPORTS DURING 1969-1974 PLUS A 7 PERCENT GROWTH FACTOR. THIS WAS AGREED TO EARLY IN THE NEGOTIATIONS BEFORE THE EC ENACTED ITS BEEF EMBARGO. SECOND, A SIMILAR QUOTA, WITHOUT THE GROWTH FACTOR, PROTECTING THE ACP PRODUCERS FROM ANY SAFEGUARD ACTION (I.E. IMPOSITION OF THE EMBARGO.) THIRD, BEEF CONCESSIONS WERE TO ENTER INTO FORCE BEFORE ANY OTHER CONCESSIONS, ON MARCH 1, 1975. FOURTH, A DECLARATION OF INTENT BETWEEN THE EC AND THE ACPS STATING THE EC'S BELIEF THAT THE ABOVE CONCESSIONS ARE SUFFICIENT TO PROTECT ACP BEEF PRODUCER INTERESTS, BUT THAT IF THIS DOES NOT PROVE TO BE THE CASE THE EC COULD BE PREPARED TO LOOK INTO THE MATTER.

3. DURING THE LOME NEGOTIATIONS THE ACPS TRIED UNSUCCESSFULLY TO SECURE A LEVY REDUCTION. THE EC OFFERED THE ACPS EITHER A SAFEGUARD-FREE QUOTA (ACCESS IN SPITE OF THE EC BEEF EMBARGO) OR A LEVY REDUCTION. THE ACPS TOOK THE SAFEGUARD-FREE QUOTA, THINKING THAT THEY COULD COPE WITH THE LEVY WHICH, AT THE TIME THIS DEAL WAS NEGOTIATED (1974), WAS ABOUT HALF WHAT IT IS TODAY.

4. DR.G.K.T. CHIEPE, MINISTER OF COMMERCE FOR BOTSWANA, IS CURRENTLY IN BRUSSELS SEEKING COMMISSION AND PERMREP ACTION TO REDUCE OR REMOVE THE LEVY. BEEF IS THE MAJOR CASH EXPORT FOR BOTSWANA AND MOST IS SOLD IN THE UK. ACCORDING TO CHIEPE, IMPOSITION OF THE LEVY CURRENTLY MEANS PAYMENT OF APPROXIMATELY 500 POUNDS STERLING PER TON EXPORTED TO THE EC. PROFITABILITY IN THIS TRADE HAS FALLEN OFF SEVERLY AND MINISTER CHIEPE FORECASTS DISASTER IN THE INDUSTRY AND THE RURAL POPULATION DEPENDENT ON IT UNLESS RELIEF FROM THE LEVIES COMES SOON.

5. THE UK PERMREP CONFIRMS THE SEVERITY OF THE SITUATION AND INDICATES THAT THE UK, THE DUTCH AND THE DANES ARE PRESSING THE COMMISSION AND THE OTHER MEMBER STATES TO COME UP WITH PROPOSALS TO EITHER REDUCE OR REMOVE THE LEVY. THE BRITISH INTEND TO RAISE THE ISSUE AT THE UPCOMING LIMITED OFFICIAL USE

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FOREIGN MINISTERS COUNCIL JUNE 24.

6. COMMENT: THE BEEF PROBLEM WILL NO DOUBT BE WORKED OUT SOON BUT IT IS ILLUSTRATIVE OF THE CRITICISMS MADE ON THE ACP SIDE THAT THE EC TAKES TOO NARROW AND LEGALISTIC AN APPROACH TO THE CONVENTION OF LOME, NOT IN KEEPING WITH THE SPIRIT OF THE NEW ACCORD. GREENWALD

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